

(15) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

(16) The applicant should be required to determine the subsurface location of the kick-off point in the wellbore prior to directional drilling and should subsequently be required to conduct an accurate wellbore survey during or upon completion of drilling operations from the kick-off point to total depth to determine its true depth and course.

(17) The applicant should be required to notify the supervisor of the Artesia district office of the Division of the date and time said directional surveys are to be conducted so that they may be witnessed. The applicant should further be required to provide a copy of said directional surveys to the Santa Fe and Artesia offices of the Division upon completion.

(18) The directional drilling operations approved herein should be conditioned upon the applicant obtaining a valid drilling permit for the subject well from the Bureau of Land Management.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to directionally drill its proposed Bonneville "AKK" Federal Well No. 2, to be located at a surface location 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, NMPM, Eddy County, New Mexico, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location approximately 660 feet from the South line and 1049 feet from the West line in Lot 4 (SW/4 SW/4 equivalent) of Section 19, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, the directional drilling operations approved herein shall be conditioned upon the applicant obtaining a valid drilling permit for the subject well from the Bureau of Land Management.

(2) Lot 4 (SW/4 SW/4 equivalent) of said Section 19 shall be dedicated to the subject well forming a non-standard 43.46-acre oil spacing and proration unit for said pool.